

**Summary Information on Sony Life's Financial Results**  
**for the Six Months Ended September 30, 2018**

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**Disclaimer:**

This English translation is prepared for the readers' convenience. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

# 1. Key Operating Performance

## (1) Policy Amount in Force and New Policy Amount

### Policy amount in force

(Number: Thousand, Amount: 100 millions of yen, %)

Category	As of September 30, 2017		As of March 31, 2018		As of September 30, 2018					
	Number	Amount	Number	Amount	Number	Comparison to Sep. 30, 2017	Comparison to Mar. 31, 2018	Amount	Comparison to Sep. 30, 2017	Comparison to Mar. 31, 2018
Individual life insurance	7,202	450,687	7,316	458,924	7,408	102.9	101.3	469,049	104.1	102.2
Individual annuities	218	11,503	252	13,609	289	132.5	114.6	16,017	139.2	117.7
Subtotal	7,421	462,191	7,569	472,534	7,697	103.7	101.7	485,066	104.9	102.7
Group life insurance	—	18,873	—	19,201	—	—	—	19,434	103.0	101.2
Group annuities	—	107	—	100	—	—	—	93	86.9	93.0

Notes: 1. The policy amount in force for individual annuities is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.

2. The policy amount in force for group annuities is equal to the amount of policy reserves.

### New policy amount

(Number: Thousand, Amount: 100 millions of yen, %)

Category	For the six months ended September 30, 2017				For the six months ended September 30, 2018					
	Number	Amount	New policies	Increase from conversion	Number	Comparison to FY17.2Q	Amount	Comparison to FY17.2Q	New policies	Increase from conversion
Individual life insurance	215	20,854	20,854	—	253	117.4	28,999	139.1	28,999	—
Individual annuities	24	1,452	1,452	—	39	164.0	2,597	178.8	2,597	—
Subtotal	240	22,307	22,307	—	293	122.1	31,597	141.6	31,597	—
Group life insurance	—	397	397		—	—	117	29.7	117	
Group annuities	—	—	—		—	—	—	—	—	

Notes: 1. The new policy amount including increase from conversion for individual annuities is equal to the funds held at the time annuity payments commence.

2. The new policy amount for group annuities is equal to the initial premium payments.

## (2) Annualized Premiums

### Policy amount in force

(Millions of yen, %)

Category	As of September 30, 2017	As of March 31, 2018	As of September 30, 2018	Comparison to Sep. 30, 2017	Comparison to Mar. 31, 2018
Individual life insurance	797,006	807,437	817,912	102.6	101.3
Individual annuities	36,502	41,386	46,756	128.1	113.0
Total	833,509	848,823	864,668	103.7	101.9
Of which, medical protection, living benefit protection and other products	189,603	191,895	194,918	102.8	101.6

### New policies

(Millions of yen, %)

Category	For the six months ended September 30, 2017	For the six months ended September 30, 2018	Comparison to FY17.2Q
Individual life insurance	28,801	31,973	111.0
Individual annuities	3,590	6,015	167.5
Total	32,391	37,989	117.3
Of which, medical protection, living benefit protection and other products	5,991	7,311	122.0

Notes: 1. Annualized premiums refer to an amount that is calculated by multiplying individual premium amounts by a coefficient that differs depending on the premium payment methods, thereby converting the figure to a per-year premium. (For single premium policies, premiums are divided by the number of coverage years.)

2. Annualized premiums for “medical protection, living benefit protection and other products” include those for medical protection benefits (hospitalization benefits, surgical procedure benefits, etc.) and living benefit protection (benefits for specific illness, nursing care benefits, etc.).

## 2. Status of Investment Assets (General Account)

### (1) Status of Investment

#### (i) Investment Environment

During the six months ended September 30, 2018, the Japanese economy grew gradually. Labor shortage countermeasures, increasing capital investment aimed at raising productivity and rising exports thanks to recovery in the overseas economy all contributed to continued economic expansion. Individual demand factors were personal consumption, which was up 0.7%, and capital investment, up 3.1%. Looking at commodity prices, the core consumer price index was up 1.0% in September, year on year, marking 21 consecutive months of expansion. Real GDP growth<sup>1</sup> for the April–June quarter continued to be high at 0.7% compared with the previous quarter (annualized rate of 3.0%).

Bond markets suffered a slump while yields on 10-year Japanese government bonds (JGBs) remained within the narrow range of 0.022%–0.062% from April to mid-July under the Bank of Japan's (BOJ's) yield curve control policy. In late July, bond markets faced further sell-off and long-term interest rates climbed sharply in response to reports that the BOJ would soften its target rate of "about 0%." As of September 30, 2018, the long-term interest rate was 0.134%, up 0.091 percentage points from March 31, 2018.

Stock market performance was up but was weighed down by trade friction between the US and China, geopolitical risks and monetary instability in emerging countries, struggling along in the range between ¥21,500 and around ¥23,000 from April until early September. In late September, the sense of unease abated as cabinet-level talks between the US and China were reopened and the Central Bank of the Republic of Turkey raised interest rates to degrees that greatly exceeded market expectations. These factors, combined with steady US employment statistics and favorable corporate performance in the US and Japan, contributed to a rise in the Nikkei Stock Average. As of September 30, 2018, the Nikkei was ¥24,120.04, up ¥2,665.74 from March 31, 2018.

Foreign exchange markets were unstable and trended toward a weak yen. Temporary yen appreciations occurred in late May, as political instability sprung up in Italy and the United States and North Korea cancelled their summit; in July, in response to reports that the BOJ would cut back on quantitative easing; and in August, amid unrest in Turkey and concerns about monetary instability in emerging countries. However, the yen generally trended toward depreciation during the whole period from April to September, supported by a rising US interest rate and a stable US stock market. As of September 30, 2018, the exchange rate was ¥113.57 to the US dollar, with the yen finishing lower than its March 31, 2018 level of ¥106.24 to the US dollar.

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<sup>1</sup> 2<sup>nd</sup> preliminary figures

(ii) Investment Policy

Sony Life's investment policy is based on asset liability management (ALM), a strategy stemming from an understanding of the characteristics of insurance liabilities and prioritizing investments in assets that have corresponding characteristics. Specifically, as life insurance policies represent long-term liabilities, we invest primarily in ultralong-term Japanese bonds that have a long term remaining until maturity. This approach allows us to appropriately control the risks associated with interest rate fluctuations on insurance liabilities. Meanwhile, we limit our investments in risky assets such as equities.

(iii) Results of Investment

As of September 30, 2018, general account assets totaled ¥8,780.7 billion, up 4.1%, or ¥341.8 billion, from previous fiscal year ended March 31, 2018. Within general account assets, Japanese bonds investment totaled ¥7,516.1 billion (accounting for 85.6% of total general account assets), foreign bonds ¥476.3 billion (5.4%), Japanese stocks ¥35.2 billion (0.4%), money held in trust ¥267.0 billion (3.0%), policy loans ¥193.6 billion (2.2%), real estate ¥91.5 billion (1.0%), and cash and cash deposits and call loans ¥58.3 billion (0.7%).

## (2) Portfolio of General Account Assets

(Millions of yen)

Category	As of March 31, 2018		As of September 30, 2018	
	Amount	%	Amount	%
Cash and deposits, call loans	40,862	0.5	58,390	0.7
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	270,582	3.2	267,081	3.0
Securities	7,717,905	91.5	8,055,359	91.7
Japanese bonds	7,281,144	86.3	7,516,151	85.6
Japanese stocks	38,464	0.5	35,239	0.4
Foreign securities	396,910	4.7	502,858	5.7
Bonds	366,571	4.3	476,333	5.4
Stocks, etc.	30,339	0.4	26,524	0.3
Other securities	1,385	0.0	1,109	0.0
Loans	189,486	2.2	193,651	2.2
Real estate	92,346	1.1	91,544	1.0
Deferred tax assets	10,787	0.1	15,542	0.2
Other assets	117,195	1.4	99,431	1.1
Reserve for possible loan losses	(295)	(0.0)	(296)	(0.0)
Total	8,438,872	100.0	8,780,704	100.0
Of which, foreign-currency-denominated assets	409,863	4.9	501,410	5.7

Note: The amount for real estate is equivalent to the total amount of land, buildings and construction in progress.

## (3) Changes in General Account Assets by Category

(Millions of yen)

Category	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Cash and deposits, call loans	3,698	17,528
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	(1,937)	(3,500)
Securities	234,971	337,453
Japanese bonds	202,402	235,007
Japanese stocks	(3,483)	(3,225)
Foreign securities	36,152	105,948
Bonds	34,405	109,762
Stocks, etc.	1,746	(3,814)
Other securities	(99)	(276)
Loans	4,189	4,164
Real estate	(861)	(802)
Deferred tax assets	273	4,754
Other assets	(197)	(17,764)
Reserve for possible loan losses	(5)	(1)
Total	240,129	341,831
Of which, foreign-currency-denominated assets	34,291	91,547

Note: The amount for real estate is equivalent to the total amount of land, buildings and construction in progress.

**(4) Investment Income**

(Millions of yen)

Category	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Interest income and dividends	78,241	81,798
Interest income from deposits	0	0
Interest income and dividends on securities	69,309	73,784
Interest income from loans	3,285	3,396
Rent revenue from real estate	5,455	4,347
Other interest income and dividends	191	269
Gains on securities under proprietary accounts	—	—
Income from money held in trust, net	2,246	2,246
Income from trading securities, net	22	—
Gains on sale of securities	0	3,316
Gains on sale of Japanese bonds	0	—
Gains on sale of Japanese stocks, etc.	—	3,316
Gains on sale of foreign securities	—	—
Others	—	—
Gains on redemption of securities	1	—
Gains on derivatives, net	—	—
Foreign exchange gains, net	2,078	21,398
Reversal of reserve for possible loan losses	—	—
Other investment income	0	—
Total	82,591	108,760

**(5) Investment Expenses**

(Millions of yen)

Category	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Interest expenses	35	577
Losses on securities under proprietary accounts	—	—
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	11
Losses on sale of securities	0	34
Losses on sale of Japanese bond	—	—
Losses on sale of Japanese stocks, etc.	—	34
Losses on sale of foreign securities	0	0
Others	—	—
Devaluation losses on securities	—	4,026
Devaluation losses on Japanese bonds	—	—
Devaluation losses on Japanese stocks, etc.	—	—
Devaluation losses on foreign securities	—	4,026
Others	—	—
Losses on redemption of securities	2	—
Losses on derivatives, net	14,739	19,704
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	5	1
Write-off of loans	—	—
Depreciation of real estate for rent and others	925	800
Other investment expenses	2,462	1,485
Total	18,171	26,642

**(6) Valuation Gains (Losses) on Trading-purpose Securities**

(Millions of yen)

Category	As of March 31, 2018		As of September 30, 2018	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	—	(31)	1,446	(35)

**(7) Fair Value Information on Securities**

a. Securities with fair value (except trading-purpose securities)

(Millions of yen)

Category	As of March 31, 2018					As of September 30, 2018				
	Carrying amount	Fair value	Net unrealized gains (losses)			Carrying amount	Fair value	Net unrealized gains (losses)		
			Unrealized gains	Unrealized losses				Unrealized gains	Unrealized losses	
Held-to-maturity securities	6,467,997	8,050,644	1,582,646	1,640,383	57,736	6,663,424	7,961,229	1,297,804	1,401,377	103,572
Policy-reserve-matching bonds	401,958	436,842	34,884	35,939	1,055	522,972	540,884	17,912	26,026	8,114
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	921,995	1,091,187	169,192	172,541	3,349	955,104	1,107,701	152,597	155,526	2,929
Japanese bonds	847,062	1,002,106	155,044	155,044	—	862,722	1,002,314	139,591	139,849	257
Japanese stocks	13,685	30,668	16,982	17,008	25	11,264	25,996	14,731	14,747	15
Foreign securities	61,081	58,125	(2,955)	368	3,323	80,951	79,098	△ 1,853	803	2,656
Bonds	49,398	46,689	(2,709)	368	3,077	73,163	71,310	△ 1,853	803	2,656
Stocks, etc.	11,682	11,436	(245)	—	245	7,788	7,788	—	—	—
Other securities	165	286	120	120	—	165	292	126	126	—
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	7,791,950	9,578,673	1,786,723	1,848,865	62,142	8,141,501	9,609,815	1,468,313	1,582,930	114,616
Japanese bonds	7,397,136	9,185,284	1,788,148	1,827,186	39,037	7,644,096	9,135,417	1,491,321	1,565,687	74,365
Japanese stocks	13,685	30,668	16,982	17,008	25	11,264	25,996	14,731	14,747	15
Foreign securities	380,962	362,434	(18,528)	4,550	23,078	485,975	448,109	(37,866)	2,369	40,235
Bonds	369,280	350,998	(18,282)	4,550	22,832	478,186	440,320	(37,866)	2,369	40,235
Stocks, etc.	11,682	11,436	(245)	—	245	7,788	7,788	—	—	—
Other securities	165	286	120	120	—	165	292	126	126	—
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Notes:

- The above table includes assets that are permitted to be treated as equivalent to securities defined in the Financial Instruments and Exchange Act of Japan.
- Carrying amount and net unrealized gains (losses) on money held in trust, including items other than trading-purpose securities, amounted to ¥232,484 million and ¥38,552 million as of March 31, 2018, respectively, and amounted to ¥232,525 million and ¥35,010 million as of September 30, 2018, respectively.

b. Carrying amounts of securities for which fair value cannot be measured reliably

(Millions of yen)

Category	As of March 31, 2018	As of September 30, 2018
Held-to-maturity securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	15,926	15,926
Available-for-sale securities	7,719	6,793
Unlisted domestic stocks (except OTC stocks)	159	159
Unlisted foreign stocks (except OTC stocks)	590	603
Unlisted foreign bonds	—	—
Others	6,968	6,030
Total	23,645	22,719

c. Fair Value information consisting of those stated in the previous Table a. and Table b. after evaluating foreign exchange and other gains (losses)

(Millions of yen)

Category	As of March 31, 2018					As of September 30, 2018				
	Carrying amount	Fair value	Net unrealized gains (losses)			Carrying amount	Fair value	Net unrealized gains (losses)		
				Unrealized gains	Unrealized losses				Unrealized gains	Unrealized losses
Held-to-maturity securities	6,467,997	8,050,644	1,582,646	1,640,383	57,736	6,663,424	7,961,229	1,297,804	1,401,377	103,572
Policy-reserve-matching bonds	401,958	436,842	34,884	35,939	1,055	522,972	540,884	17,912	26,026	8,114
Stocks of subsidiaries and affiliated companies	15,926	15,926	—	—	—	15,926	15,926	—	—	—
Available-for-sale securities	929,714	1,103,060	173,345	176,918	3,572	961,898	1,119,125	157,226	160,313	3,086
Japanese bonds	847,062	1,002,106	155,044	155,044	—	862,722	1,002,314	139,591	139,849	257
Japanese stocks	13,845	30,828	16,982	17,008	25	11,424	26,156	14,731	14,747	15
Foreign securities	61,671	59,702	(1,968)	1,354	3,323	81,555	80,807	(748)	1,907	2,656
Bonds	49,398	46,689	(2,709)	368	3,077	73,163	71,310	(1,853)	803	2,656
Stocks, etc.	12,273	13,013	740	986	245	8,392	9,497	1,104	1,104	—
Other securities	7,134	10,422	3,287	3,510	222	6,195	9,847	3,651	3,808	157
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	7,815,596	9,606,473	1,790,876	1,853,241	62,365	8,164,221	9,637,165	1,472,943	1,587,717	114,773
Japanese bonds	7,397,136	9,185,284	1,788,148	1,827,186	39,037	7,644,096	9,135,417	1,491,321	1,565,687	74,365
Japanese stocks	21,482	38,464	16,982	17,008	25	19,061	33,792	14,731	14,747	15
Foreign securities	389,842	372,301	(17,541)	5,536	23,078	494,868	458,107	(36,761)	3,474	40,235
Bonds	369,280	350,998	(18,282)	4,550	22,832	478,186	440,320	(37,866)	2,369	40,235
Stocks, etc.	20,562	21,302	740	986	245	16,681	17,786	1,104	1,104	—
Other securities	7,134	10,422	3,287	3,510	222	6,195	9,847	3,651	3,808	157
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

(8) Fair Value Information on Money Held in Trust (General Account)

(Millions of yen)

Category	As of March 31, 2018					As of September 30, 2018				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
				Unrealized gains	Unrealized losses				Unrealized gains	Unrealized losses
Money held in trust	270,582	270,582	—	—	—	267,081	267,081	—	—	—

Note: The above table includes ¥40 million of jointly invested money held in trust, as of March 31, 2018 and September 30, 2018, respectively.

Money held in trust for investment

Not applicable

Money held in trust for held-to-maturity, policy-reserve-matching and other

(Millions of yen)

Category	As of March 31, 2018					As of September 30, 2018				
	Carrying amount	Fair value	Net unrealized gains (losses)			Carrying amount	Fair value	Net unrealized gains (losses)		
				Unrealized gains	Unrealized losses				Unrealized gains	Unrealized losses
Money held in trust for held-to-maturity	—	—	—	—	—	—	—	—	—	—
Money held in trust for policy-reserve-matching	—	—	—	—	—	—	—	—	—	—
Other money held in trust	231,989	270,541	38,552	38,552	—	232,030	267,040	35,010	35,010	—



### 3. Non-consolidated Balance Sheets

			(Millions of yen)		
	As of Mar. 31, 2018	As of Sep. 30, 2018		As of Mar. 31, 2018	As of Sep. 30, 2018
	Amount	Amount		Amount	Amount
<b>Assets:</b>			<b>Liabilities:</b>		
<b>Cash and deposits</b>	<b>53,683</b>	<b>57,433</b>	<b>Policy reserves and others</b>	<b>8,606,736</b>	<b>9,033,479</b>
Deposits	53,683	57,433	Reserve for outstanding claims	35,176	38,903
<b>Call loans</b>	<b>65,500</b>	<b>86,200</b>	Policy reserves	8,566,075	8,989,226
<b>Money held in trust</b>	<b>270,582</b>	<b>267,081</b>	Reserve for policyholders' dividends	5,484	5,349
<b>Securities</b>	<b>8,765,967</b>	<b>9,257,803</b>	<b>Due to agencies</b>	<b>1,873</b>	<b>1,646</b>
Japanese government bonds	6,966,434	7,138,075	<b>Due to reinsurers</b>	<b>5,497</b>	<b>4,997</b>
Japanese local government bonds	1,543	1,533	<b>Other liabilities</b>	<b>386,099</b>	<b>473,795</b>
Japanese corporate bonds	461,015	519,229	Payables under repurchase agreements	31,696	57,115
Japanese stocks	88,376	88,990	Collateral for securities lending transactions	303,889	367,095
Foreign securities	959,188	1,186,418	Accrued income tax	13,478	11,340
Other securities	289,408	323,554	Other payables	3,249	2,901
<b>Loans</b>	<b>189,486</b>	<b>193,651</b>	Accrued expenses	20,325	17,637
Policy loans	189,460	193,633	Unearned revenue	764	788
Commercial loans	25	17	Deposits received	1,237	1,265
<b>Tangible fixed assets</b>	<b>93,169</b>	<b>92,310</b>	Deposits received for guarantee	4,202	4,204
Land	62,259	62,259	Variation margins of futures markets	2,194	—
Buildings	30,087	29,284	Derivative liabilities	1,410	8,187
Leased assets	5	3	Lease obligations	6	4
Other tangible fixed assets	816	762	Asset retirement obligations	1,856	1,857
<b>Intangible fixed assets</b>	<b>23,210</b>	<b>23,019</b>	Suspense receipt	1,787	1,395
Software	23,201	23,011	<b>Reserve for employees' retirement benefits</b>	<b>26,656</b>	<b>27,287</b>
Other intangible fixed assets	8	8	<b>Reserve under the special laws</b>	<b>47,929</b>	<b>48,967</b>
<b>Due from reinsurers</b>	<b>929</b>	<b>682</b>	Reserve for price fluctuations	47,929	48,967
<b>Other assets</b>	<b>92,184</b>	<b>74,526</b>	<b>Deferred tax liabilities on land revaluation</b>	<b>109</b>	<b>109</b>
Other receivable	37,411	37,076			
Prepaid expenses	1,983	2,738	<b>Total Liabilities</b>	<b>9,074,902</b>	<b>9,590,282</b>
Accrued income	19,627	20,220			
Money on deposits	5,428	5,427	<b>Net Assets:</b>		
Initial margins of futures markets	18,324	2,377	<b>Common stock</b>	<b>70,000</b>	<b>70,000</b>
Variation margins of futures markets	892	3,824	<b>Capital surplus</b>	<b>5,865</b>	<b>5,865</b>
Cash collateral paid for financial instruments	—	2,320	Capital reserve	5,865	5,865
Derivative	7,969	—	<b>Retained earnings</b>	<b>294,424</b>	<b>293,615</b>
Advance payments	470	466	Legal retained earnings	34,938	40,188
Others	75	74	Other retained earnings	259,486	253,426
<b>Prepaid pension costs</b>	<b>2,483</b>	<b>2,631</b>	Unappropriated retained earnings	259,486	253,426
<b>Deferred tax assets</b>	<b>10,787</b>	<b>15,542</b>	<b>Total shareholders' equity</b>	<b>370,289</b>	<b>369,480</b>
<b>Reserve for possible loan losses</b>	<b>(295)</b>	<b>(296)</b>	<b>Net unrealized gains (losses) on available-for-sale securities, net of taxes</b>	<b>124,936</b>	<b>113,261</b>
			<b>Land revaluation, net of taxes</b>	<b>(2,439)</b>	<b>(2,439)</b>
			<b>Total valuation and translation adjustments</b>	<b>122,497</b>	<b>110,822</b>
			<b>Total Net Assets</b>	<b>492,787</b>	<b>480,302</b>
<b>Total Assets</b>	<b>9,567,689</b>	<b>10,070,585</b>	<b>Total Liabilities and Net Assets</b>	<b>9,567,689</b>	<b>10,070,585</b>

#### 4. Non-consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
	Amount	Amount
<b>Ordinary Revenues</b>	<b>632,357</b>	<b>779,298</b>
<b>Income from insurance premiums</b>	<b>480,491</b>	<b>542,005</b>
Insurance premiums	479,458	540,877
Ceded reinsurance commissions	1,033	1,128
<b>Investment income</b>	<b>145,196</b>	<b>231,423</b>
Interest income and dividends	78,241	81,798
Interest income from deposits	0	0
Interest income and dividends on securities	69,309	73,784
Interest income from loans	3,285	3,396
Rent revenue from real estate	5,455	4,347
Other interest income and dividends	191	269
Income from money held in trust, net	2,246	2,246
Gains on trading securities, net	22	—
Gains on sale of securities	0	3,316
Gains on redemption of securities	1	—
Foreign exchange gains, net	2,078	21,398
Other investment income	0	—
Gains on separate accounts, net	62,605	122,663
<b>Other ordinary income</b>	<b>6,670</b>	<b>5,868</b>
Income for annuity riders	2,298	1,943
Proceeds from deferred insurance	2,448	2,918
Other ordinary income	1,922	1,006
<b>Ordinary Expenses</b>	<b>606,285</b>	<b>741,550</b>
<b>Insurance claims and other payments</b>	<b>187,384</b>	<b>200,482</b>
Insurance claims	45,157	45,222
Annuity payments	5,618	6,347
Insurance benefits	40,400	43,073
Surrender payments	90,159	98,856
Refund to policyholders	1,673	1,928
Reinsurance premiums	4,375	5,054
<b>Provision for policy reserves and others</b>	<b>317,735</b>	<b>426,877</b>
Provision for reserve for outstanding claims	1,104	3,726
Provision for policy reserves	316,630	423,150
Interest portion of reserve on policyholders' dividends	0	0
<b>Investment expenses</b>	<b>18,171</b>	<b>26,642</b>
Interest expenses	35	577
Losses on on trading securities, net	—	11
Losses on sale of securities	0	34
Devaluation losses on securities	—	4,026
Losses on redemption of securities	2	—
Losses on derivatives, net	14,739	19,704
Provision for reserve for possible loan losses	5	1
Depreciation of real estate for rent and others	925	800
Other investment expenses	2,462	1,485
<b>Operating expenses</b>	<b>68,157</b>	<b>71,478</b>
<b>Other ordinary expenses</b>	<b>14,836</b>	<b>16,068</b>
Deferred insurance payments	4,512	5,555
Taxes	6,016	6,440
Depreciation and amortization	2,642	2,974
Provision for reserve for employees' retirement benefits	1,661	1,079
Others	4	18
<b>Ordinary Profit</b>	<b>26,072</b>	<b>37,747</b>
<b>Extraordinary Gains</b>	<b>3,640</b>	<b>—</b>
Reversal of reserve for investment loss	3,640	—
<b>Extraordinary Losses</b>	<b>5,083</b>	<b>1,078</b>
Losses on disposal of fixed assets	2	30
Impairment losses	0	10
Provision for reserve under the special laws	904	1,038
Provision for reserve for price fluctuations	904	1,038
Valuation losses on stocks of affiliated companies	4,176	—
<b>Provision for Reserve for Policyholders' Dividends</b>	<b>297</b>	<b>62</b>
<b>Income Before Income Taxes</b>	<b>24,331</b>	<b>36,606</b>
<b>Income Taxes—Current</b>	<b>8,173</b>	<b>11,476</b>
<b>Income Taxes—Deferred</b>	<b>(829)</b>	<b>(310)</b>
<b>Total Income Taxes</b>	<b>7,344</b>	<b>11,166</b>
<b>Net Income</b>	<b>16,986</b>	<b>25,440</b>

## 5. Reconciliation to Core Profit and Non-consolidated Ordinary Profit

(Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Core profit A	43,898	57,868
Capital gains	2,098	24,715
Income from money held in trust, net	—	—
Income from trading securities, net	19	—
Gains on sale of securities	0	3,316
Gains on derivatives, net	—	—
Foreign exchange gains, net	2,078	21,398
Other capital gains	—	—
Capital losses	16,257	40,355
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	19
Losses on sale of securities	0	34
Devaluation losses on securities	—	4,026
Losses on derivatives, net	14,739	19,704
Foreign exchange losses, net	—	—
Other capital losses	1,518	16,570
Net capital gains (losses) B	(14,159)	(15,639)
Core profit plus net capital gains (losses) A+B	29,739	42,228
Other one-time gains	—	—
Gains from reinsurance	—	—
Reversal of contingency reserve	—	—
Reversal of specific reserve for possible loan losses	—	—
Others	—	—
Other one-time losses	3,666	4,481
Losses from reinsurance	—	—
Provision for contingency reserve	3,613	4,410
Provision for specific reserve for possible loan losses	3	1
Provision for reserve for possible loan losses for specific foreign countries	—	—
Write-off of loans	—	—
Others	49	69
Net other one-time gains (losses) C	(3,666)	(4,481)
Ordinary profit A+B+C	26,072	37,747

(Reference) The breakdown of Others

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Core profit	2,249	18,824
Income gains in income from money held in trust	2,246	2,246
Interest income and dividends in income from trading securities	3	7
Effects of currency market fluctuations of products dominated in foreign currencies (note)	—	16,570
Other capital gains	—	—
Effect of change in the exchange rates related to foreign-currency-denominated insurance contracts	—	—
Other capital losses	1,518	16,570
Impairment losses from investment partnership	664	—
Effect of change in the exchange rates related to foreign-currency-denominated insurance contracts	853	16,570
"Others" of other one-time gains	—	—
"Others" of other one-time losses	49	69
Provision of additional policy reserve	49	69

Note: Beginning from disclosures for the fiscal year ending March 31, 2019, the disclosure method of the breakdown of core profit relating to the effect of change in the exchange rates related to foreign-currency-denominated insurance contracts have been modified. Although, this change has no impact on core profit.

## 6. Loans by Borrower Category

(Millions of yen, %)

Category	As of March 31, 2018	As of September 30, 2018
Bankrupt and quasi-bankrupt loans	—	—
Doubtful loans	—	—
Sub-standard loans	—	—
Subtotal	—	—
[% to total]	[—]	[—]
Normal loans	428,359	486,690
Total	428,359	486,690

Notes:

1. Bankrupt and quasi-bankrupt loans are loans to borrowers who are subject to bankruptcy, corporate reorganization, rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Doubtful loans are loans to borrowers (other than bankrupt and quasi-bankrupt borrowers) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Sub-standard loans are loans on which principal and/or interest are past due for three months or more (excluding loans described in notes 1. and 2. above) and loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt waiver) in order to support the borrowers' recovery from financial difficulties (excluding loans described in notes 1. and 2. above and loans on which principal and/or interest are past due for three months or more).
4. Normal loans are loans that do not fall under the classifications for 1. to 3. above and where the borrowers have no financial or business performance problems.

## 7. Risk-monitored Loans

Not applicable

## 8. Solvency Margin Ratio

(Millions of yen)

Category		As of March 31, 2018	As of September 30, 2018
Total solvency margin (A)		1,233,854	1,290,359
Common stock, etc.		344,039	367,906
Reserve for price fluctuations		47,929	48,967
Contingency reserve		89,915	94,325
General reserve for possible loan losses		0	1
Net unrealized gains on available-for-sale securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) x 90% (100% if losses)		156,011	141,503
Net unrealized gains on real estate x 85% (100% if losses)		29,830	29,830
Amount excluded from deferred tax assets		—	—
Unallocated portion of reserve for policyholders' dividends		377	1,926
Deferred tax assets		88,661	97,942
Excess amount of policy reserves based on Zillmer method		525,389	536,084
Subordinated debt		—	—
The portion of the excess amount of policy reserves based on Zillmer method and subordinated debt that is not included in the margin		(43,128)	(22,957)
Deductible items		(5,171)	(5,171)
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)		94,030	98,540
Insurance risk $R_1$		24,337	24,468
Third-sector insurance risk $R_8$		8,587	8,545
Assumed interest rate risk $R_2$		32,452	33,243
Minimum guarantee risk $R_7$		20,137	21,745
Asset management risk $R_3$		32,953	35,235
Business management risk $R_4$		2,369	2,464
Solvency margin ratio $(A) / \left\{ \frac{1}{2} \times (B) \right\} \times 100$		2,624.3%	2,618.9%

Notes: 1. The above figures are calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 (1996).  
2. Minimum guarantee risk is calculated based on the standardized approach.

## (Reference) Consolidated Solvency Margin Ratio

Although Sony Life is not required to prepare consolidated financial statements since it does not have consolidated subsidiaries, Sony Life discloses consolidated solvency margin ratio consolidated with its affiliated companies quarterly.

(Millions of yen)

Category	As of March 31, 2018	As of September 30, 2018
Total solvency margin (A)	1,217,876	1,274,198
Common stock, etc.	340,820	364,254
Reserve for price fluctuations	47,929	48,967
Contingency reserve	89,915	94,325
Catastrophe reserve	—	—
General reserve for possible loan losses	0	1
Net unrealized gains on available-for-sale securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) x 90% (100% if losses)	156,011	141,503
Net unrealized gains on real estate x 85% (100% if losses)	29,830	29,830
Total amount of unrecognized net actuarial gains (losses) and unrecognized past service cost	(2,419)	(2,064)
Amount excluded from deferred tax assets	—	—
Unallocated portion of reserve for policyholders' dividends	377	1,926
Deferred tax assets	88,661	97,942
Excess amount of policy reserves based on Zillmer method	525,389	536,084
Subordinated debt	—	—
The portion of the excess amount of policy reserves based on Zillmer method and subordinated debt that is not included in the margin	(46,347)	(26,609)
Deductible items	(12,290)	(11,964)
Total risk $\sqrt{(\sqrt{R_1^2+R_5^2+R_8+R_9})^2+(R_2+R_3+R_7)^2+R_4+R_6}$ (B)	91,362	95,855
Insurance risk $R_1$	24,337	24,468
Ordinary insurance risk $R_5$	—	—
Major catastrophe risk $R_6$	—	—
Third-sector insurance risk $R_8$	8,587	8,545
Insurance risk of small-amount short-term insurance providers $R_9$	—	—
Assumed interest rate risk $R_2$	32,452	33,243
Minimum guarantee risk $R_7$	20,137	21,745
Asset management risk $R_3$	30,149	32,430
Business management risk $R_4$	2,313	2,408
Solvency margin ratio $(A) / \left\{ \frac{1}{2} \times (B) \right\} \times 100$	2,666.0%	2,658.5%

Notes: 1. The above figures are calculated based on provisions in Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act of Japan and Public Notice of Financial Services Agency No. 23 (2011).

2. Minimum guarantee risk is calculated based on the standardized approach.

## 9. Status of Separate Account Assets

### (1) Balance of Separate Account Assets

(Millions of yen)

Category	As of March 31, 2018	As of September 30, 2018
Individual variable life insurance and individual variable annuities	1,128,817	1,289,881
Group annuities	—	—
Total separate account	1,128,817	1,289,881

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

### (2) Policy Amount in Force (Separate Account)

#### Individual variable life insurance

(Number: Thousand, Amount: Millions of yen)

Category	As of March 31, 2018		As of September 30, 2018	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	843	8,384,508	839	8,214,979
Variable life insurance (limited term type)	122	628,240	137	789,924
Variable life insurance (term type)	6	301,218	8	461,437
Total	972	9,313,967	986	9,466,341

Note: Amounts include the rider portion of variable life insurance.

#### Individual variable annuities

(Number: Thousand, Amount: Millions of yen)

Category	As of March 31, 2018		As of September 30, 2018	
	Number	Amount	Number	Amount
Individual variable annuities	162	945,144	199	1,187,404

Note: The amount of individual variable annuities is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.

## 10. Consolidated Summary

Not applicable